

BEFORE THE PUBLIC UTILITIES COMMISSION  
OF THE STATE OF HAWAII

In the Matter of the Application	)	
	)	
of	)	
	)	Docket No. 2009-0048
MOLOKAI PUBLIC UTILITIES, INC.	)	
	)	
For review and approval of rate	)	
increases; revised rate schedules; and	)	
revised rules.	)	
_____	)	

**MOLOKAI PUBLIC UTILITIES, INC.'S SUPPLEMENTAL  
RESPONSE TO WEST MOLOKAI ASSOCIATION'S  
SUPPLEMENTAL INFORMATION REQUESTS (WMA-SIR-114)**

and

**CERTIFICATE OF SERVICE**

PUBLIC UTILITIES  
COMMISSION

2010 MAY -6 P 4:01

FILED

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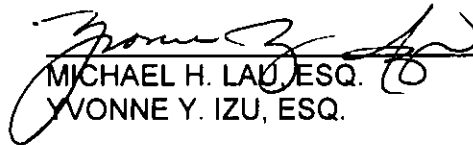
**MOLOKAI PUBLIC UTILITIES, INC.'S SUPPLEMENTAL  
RESPONSE TO WEST MOLOKAI ASSOCIATION'S  
SUPPLEMENTAL INFORMATION REQUESTS (WMA-SIR-114)**

MOLOKAI PUBLIC UTILITIES, INC. ("MPU"), by and through its attorneys, Morihara Lau & Fong LLP, hereby submits its Supplemental Response to West Molokai Association's Supplemental Information Requests (WMA-SIR-114).

During the course of settlement negotiations, MPU became aware of an error in its response to WMA-SIR-114. MPU had calculated pro forma revenues to be derived from the treatment of water at the Puunana Water Treatment Plant for Wai'ola O Moloka'i based on a rate resulting from the Order Approving Temporary Rate Relief for Molokai Public Utilities, Inc. and Wai'ola O Moloka'i, Inc., filed on August 14, 2008, and not on "present rates" as clarified in the Order Denying Molokai Public Utilities, Inc.'s Request to Submit Its Unaudited Financial Statements in Lieu of Audited Financial Statements, filed on April 2, 2009. This Supplemental Response provides the corrected calculations.

MPU further notes that this source of revenue should have been, but was not, included in Exhibit MPU-R-1 and Exhibit MPU-R-2.

DATED: Honolulu, Hawaii, May 6, 2010.



MICHAEL H. LAU, ESQ.  
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**MOLOKAI PUBLIC UTILITIES, INC.'S RESPONSES TO WEST MOLOKAI  
ASSOCIATION'S SUPPLEMENTAL INFORMATION REQUESTS**

**DOCKET NO. 2009-0048**

**WMA-SIR-114      Re: Response to WMA-IR-501**

- a. Exhibits MPU 10 and MPU 11 do not identify any revenue from WOM for the costs associated with the treatment of raw water for WOM's customer base in Maunaloa and subsequent delivery of treated water to WOM's distribution facilities.

In its response to WMA-IR-108, MPU asserts that the current rate of \$2.78/TG is believed adequate to recover actual costs of water treatment attributable to WOM's usage of MPU's water treatment plant and facilities.

In its response to WMA-IR-119, MPU has provided an attachment listing measured water flows into the Puunana Raw Water Reservoir and out of the Maunaloa Reservoir. Average delivery of finished water to WOM for the most recent 22 months is approximately 2,450 TG per month.

Consequently, it would appear that MPU should receive approximately \$81,750 per year from WOM for water treatment costs. If it does, explain where the MPU revenues are recorded? If not, explain why not, and further describe what amounts are recorded and the reasons for the differences.

**MOLOKAI PUBLIC UTILITIES, INC.'S RESPONSES TO WEST MOLOKAI  
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**WMA-SIR-114 (cont.)**

**SUPPLEMENTAL  
RESPONSE:**

It was determined that there was no revenue for the water sales to WOM at the Water Treatment Plant included in the MPU pro forma revenue for the test year. It was also determined that there was no expense on WOM for these water deliveries. The revenue charges from the treatment of water for WOM were transferred to MPU from MPL in December 2008 and should have been included in the pro forma test year revenue for MPU. Likewise, the expense charges for the treatment of water by MPU for WOM were also reflected on MPU as an expense but not charged to MPU. Supplemental Attachment WMA-SIR-114a shows the revenue adjustment for pro forma test year revenue at present rates to be reflected on MPU of \$18,657, which is equal to the cost for the water treatment at present rates of \$18,657 which should be reflected on Exhibit WOM 10.3 on line 3 in addition to the \$9,000 which represents the charge for the water for Manawainui. This will result in an increase in revenue at present rates for MPU and a decrease in the revenue increase required. Likewise, the adjustment to be made on WOM will reflect an increase in the expenses for

**MOLOKAI PUBLIC UTILITIES, INC.'S RESPONSES TO WEST MOLOKAI  
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**WMA-SIR-114 (cont.)**

the treated water and an increase in the revenue requirement for WOM,

- b. Again, please identify corresponding water treatment revenue and cost entries on the two rate applications (i.e., revenue to MPU and cost to WOM).

**RESPONSE:**

The water treatment revenue for MPU and the water treatment expense for WOM for the test year is shown on Attachment WMA-SIR-114a.

- c. Where are water treatment costs at \$2.78 per TG entered on the WOM rate application exhibits and where are water treatment revenues at the same \$2.78 per TG entered on the MPU rate application exhibits.

**SUPPLEMENTAL  
RESPONSE:**

The rate charged for treatment costs prior to implementation of the temporary rates is \$1.00 per TG which should be used to determine the revenue at present rates. See response to parts (a) and (b) above.

**SPONSOR:** Robert O'Brien

**SUPPLEMENTAL ATTACHMENT**  
**WMA-SIR-114a**

Line #	Description	[ 1 ]	[ 2 ]	[ 3 ]	[ 4 ]	[ 5 ]	[ 6 ]
		Thousand Gallons Billed per Month for Twelve Months Ended June 30,					Change in 2010 Over (Under) 2009
		2006	2007	2008	2009	2010	
1	July	n/a	2,146.5	2,288.0	1,966.3	1,538.1	(428.2)
2	August	n/a	3,144.3	2,517.4	2,116.6	1,765.7	(350.9)
3	September	n/a	2,618.5	2,793.6	1,813.4	1,772.5	(40.9)
4	October	2,464.4	2,462.0	2,340.8	1,438.4	1,619.6	181.2
5	November	1,907.5	1,832.9	2,777.5	1,560.2		
6	December	1,651.0	1,972.7	2,003.9	1,281.8		
7	<u>January</u>	1,993.8	1,936.9	2,503.2	1,357.2		
8	February	2,070.6	2,703.0	2,979.1	1,252.4		
9	March	1,757.5	2,252.1	2,751.2	1,576.9		
10	April	1,767.0	3,771.1	1,718.3	1,323.3		
11	May	2,117.5	3,890.5	1,618.6	1,921.4		
12	June	2,269.9	3,473.7	2,246.2	1,687.7		
13	Total		<u>32,204</u>	<u>28,538</u>	<u>19,296</u>	<u>6,696</u>	<u>(639)</u>

**Pro Forma Estimate of Billible Usage in Test Year Ended June 30, 2010**

14	Eight Months From November 2008 to June 2009	11,960.9
15	Four Months From July 2009 to October 2009	6,695.9
16	Pro Forma Usage for billing in Test Year	<u>18,656.8</u>
17	Present Rate per Thousand Gallons	\$ 1.00
18	Pro Forma Test Year Revenue to MPU	<u>\$ 18,657</u>
19	Pro Forma Test Year Expense for WOM	<u>\$ 18,657</u>



CERTIFICATE OF SERVICE

I (we) hereby certify that copies of the foregoing document were duly served on the following parties, by having said copies delivered as set forth below:

MR. DEAN NISHINA Executive Director Department of Commerce and Consumer Affairs Division of Consumer Advocacy 335 Merchant Street, Suite 326 Honolulu, Hawaii 96813	3 copies Hand Deliver
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MARGERY S. BRONSTER, ESQ. JEANNETTE H. CASTAGNETTI, ESQ. Bronster Hoshibata 2300 Pauahi Tower 1003 Bishop Street Honolulu, HI 96813	1 copy Hand Deliver
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Attorneys for the COUNTY OF MAUI


WILLIAM W. MILKS, ESQ. Law Offices of William W. Milks ASB Tower, Suite 977 1001 Bishop Street Honolulu, HI 96813	1 copy Hand Deliver
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Attorney for WEST MOLOKAI ASSOCIATION

JAMES J. BICKERTON, ESQ. Bickerton Lee Dang & Sullivan Topa Financial Center, Fort Street Tower 745 Fort Street, Suite 801 Honolulu, HI 96813	1 copy Hand Deliver
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Attorney for MOLOKAI PROPERTIES LIMITED

DATED: Honolulu, Hawai'i, May 6, 2010.

  
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YVONNE Y. IZU, ESQ.

Moriwara Lau & Fong LLP  
Attorneys for MOLOKAI PUBLIC UTILITIES, INC.